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SUBJECT: BOLIVIA CRISIS: CONCERN ABOUT POTENTIAL SPILLOVER

Classified By: POL/C ALEXIS LUDWIG FOR REASONS 1.4 (B)

¶1. (C) Summary: Peruvian observers are watching Bolivia's political crisis, including its possible impact on Peruvian investments, with great concern. Our foreign ministry (MFA) contacts tell us their main worry regarding Bolivia is stability but, while concerned about the government's confrontational approach to securing a new constitution, emphasize that Peru cannot interfere in a neighbor's domestic affairs. Some analysts believe a Bolivian conflict could spark an influx of refugees to Peru or fuel radical indigenous nationalism among the large Aymara community living on both sides of the border. End Summary.

#### The GOP Hopes for Stability

¶2. (C) The GOP is anxiously watching events in Bolivia and hoping the situation will resolve itself peacefully. The Minister of Defense's top political advisor, professional diplomat Ambassador Jose Antonio Bellina, told a visiting U.S. military official recently that Bolivia was Peru's current number one foreign policy concern. MFA Bolivia desk officer Marco Antonio Santivanez told poloff that Peru's primary interest in Bolivia is stability -- confrontation and violence across the border can potentially undermine Peru's economic and democratic success in recent years. Echoing Ambassador Bellina's remarks, he added that the GOP is particularly concerned about Peruvian investors, such as BancoCredito and the construction firm Grana y Montero, which have poured at least \$100 million into Bolivia's economy. Should the crisis jeopardize those investments, he said, the GOP could be compelled to respond.

¶3. (C) In the absence of any such direct impact on Peruvian interests, however, Bolivia's crisis is a domestic matter, and Peru has no plans to intervene. MFA Director General for South America Jose Luis Salinas acknowledged the heavy-handed, confrontational manner in which the Government of Bolivia was seeking to secure its new Constitution. Nonetheless, he said, Morales was operating in a democratic "grey zone" that did not yet merit a formal diplomatic protest from Peru. Desk officer Santivanez said the inter-American community could intervene only if a clear redline were crossed, such as violent chaotic protests and military repression, or if a legitimate GOB leader like Vice President Alvaro Garcia Linera called for a broader regional dialogue as a way out of the crisis. Santivanez clarified that he had no information about any such initiative

underway.

¶4. (SBU) Peruvian analysts have noted that December 15 developments in Bolivia greatly increased the risk of potentially violent confrontation and even civil war. The opposing sides have dug themselves deeper in: President Morales publicly presented the government's new Constitution in advance of its final ratification by popular referendum while leaders from Santa Cruz and other key departments rejected the new constitution as illegal and formally declared their regions' autonomy. These developments had significantly raised tensions, which could turn explosive.

#### Potential Refugees from Bolivia

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¶5. (C) Some Peruvians are concerned about an influx into Peru of Bolivian residents fleeing from increasing insecurity, political instability or bleakening economic prospects. Both the Bolivia desk officer and the local representative for the United Nations High Commission for Refugees, Beatriz Roman, told poloff they saw the recent flight to Peru of Sucre prefect David Sanchez (close hold) as a possible harbinger of things to come. Should real conflict or more widespread chaos erupt, many more Bolivians may choose to leave Bolivia -- with Peru as a preferred destination for obvious reasons. Roman said she had raised her concerns with the MFA but found that the GOP had no plan to deal with a possible refugee contingency from Bolivia.

#### Stoking Trans-Border Indigenous Nationalism

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¶6. (C) Some Peruvian analysts fear the Bolivian crisis could impact the large Aymara indigenous community that stretches from Puno in Peru to the Bolivian altiplano. Our more alarmist contacts speculate that a Bolivian conflict could increase racial tensions in the region and even fuel an Aymara nationalism that eventually threatens Peru's territorial integrity. Although extreme, some analysts claim that there is evidence suggesting outside actors may be encouraging such tension. Citing a trusted source, one foreign ministry official stated that Venezuela was paying Peruvian Aymaras to travel across the border into Bolivia, where they received Bolivarian indoctrination in ALBA houses there. We heard indirect reports from the Human Rights Ombudswoman in Puno that radical Bolivian-Aymara leader Felipe Quispe was allegedly training Peruvian Aymaras to fight in Bolivia. Recent press reports showed photos of Quispe in Tacna visiting supporters of jailed ultra-nationalist leader Antauro Humala. One Antauro contact told poloff he knew nothing of the supposed military training, but confirmed that Quispe was escorted to Tacna by supporters from Puno. A recent edition of the Antaurista newspaper from Tacna called for Aymaras to destroy the false Peru-Bolivia border and establish an Aymara homeland.

¶7. (C) Mainstream indigenous leaders, while concerned about the Bolivian crisis, are attempting to maintain an arm's-length approach. A staffer for indigenous Congresswoman Hilaria Supa told poloff that they fear a Bolivian conflict would increase racial tensions in the region. He added that their office had received dozens of letters from Bolivian contacts asking her to express support for President Morales.

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